



**WILSON INVESTMENT FUND LTD (WIL)**  
**ABN 15 100 504 541**  
**INVESTMENT UPDATE & NTA – SEPTEMBER 2010**

WIL is a listed investment company primarily investing in small to medium industrial companies listed on the ASX.

The NTA before tax as at 30 September 2010 was 89.1 cents per share. The NTA after tax on realised gains and before tax on unrealised gains as at 30 September 2010 was 94.3 cents per share. This includes tax assets of 5.2 cents per share.

The above figures are before the payment of the final dividend and the special dividend of 2.6 cents and 1.4 cents respectively per share fully franked to be paid on 29 October 2010.

<b>NTA before tax</b>	<b>89.1c</b>
<b>NTA before tax payable and after tax assets</b>	<b>94.3c*</b>
<b>NTA after tax and before tax on unrealised gains</b>	<b>94.3c*</b>
<b>NTA after tax (including unrealised gains tax)</b>	<b>94.3c*</b>

\*These figures include tax assets of 5.2 cents per share.

### **MARKET OUTLOOK**

For reasons that are difficult to explain September is traditionally the poorest performing month for equities in Australia. In 2010 the local share market bucked the trend and powered higher, led by a rampant resources sector. The benchmark All Ordinaries Accumulation Index rose by 5 per cent for the month, while the Small Resources Index posted a 14 per cent gain. The inspiration for the rise was the surge in the US market where the benchmark S&P 500 Index rose an impressive 9 per cent for the month.

The US market was buoyed by marginally improved economic data that indicated the world's largest economy was not about to fall into a second recession in only 3 years. Investors in the US were also encouraged by comments from the US Federal Reserve that indicated it would continue to support the economy at all costs to ensure growth. While this is commonly referred to as printing money it resulted in investors increasing their risk appetite, with strong moves in gold, oil, base metals and tech stocks around the globe. This move by investors is likely to continue in the short term, resulting in the current share market rally being prolonged. Despite this we remain cautious and are not convinced loose monetary policy can cure the world's ills of excessive debt. Only time will tell.

Company valuations are no longer as compelling as at the start of the financial year, but opportunities to make longer term investments remain on a selective basis.

## **DIVIDENDS**

Since year end the Board has announced a final dividend of 2.6 cents and a special dividend of 1.4 cents per share both fully franked to be paid on 29 October 2010. The shares will trade ex dividend on 18 October 2010. This brings the full year dividend to 6.6 cents per share fully franked, an increase of 65% on the previous year. The final and special dividends are 100% LIC capital gain which will enable some shareholders to claim a tax deduction. Further details will be on shareholder dividend statements.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits, and it is within prudent business practices. Dividends are paid on a six-monthly basis. Recently introduced government legislation now enables companies to pay dividends if the company is deemed solvent. Dividend payments will not be reliant on reported profit and retained earnings as it was previously. Rather, it will be with consideration to cash flow, cash holdings and available franking credits. This is a major change for Listed Investment Companies. The Board is currently reviewing the impact these changes may have and how it best positions the company going forward.

The dividend re-investment plan will operate at the volume weighted average market price of shares sold on the record date and the three trading days prior to the record date. To participate in the dividend re-investment plan, please send your election to our share registrar no later than 22 October 2010. The current share price (\$0.75 being closing price 13 October 2010) is at a 15.8% discount to the 30 September 2010 pre-tax NTA.

## **SHARE BUY BACK**

On 14 September 2010 the company announced the final share buy-back notice showing a total of 7,320,297 shares were bought back for a total consideration of \$5,687,894.

## **PORTFOLIO STRUCTURE**

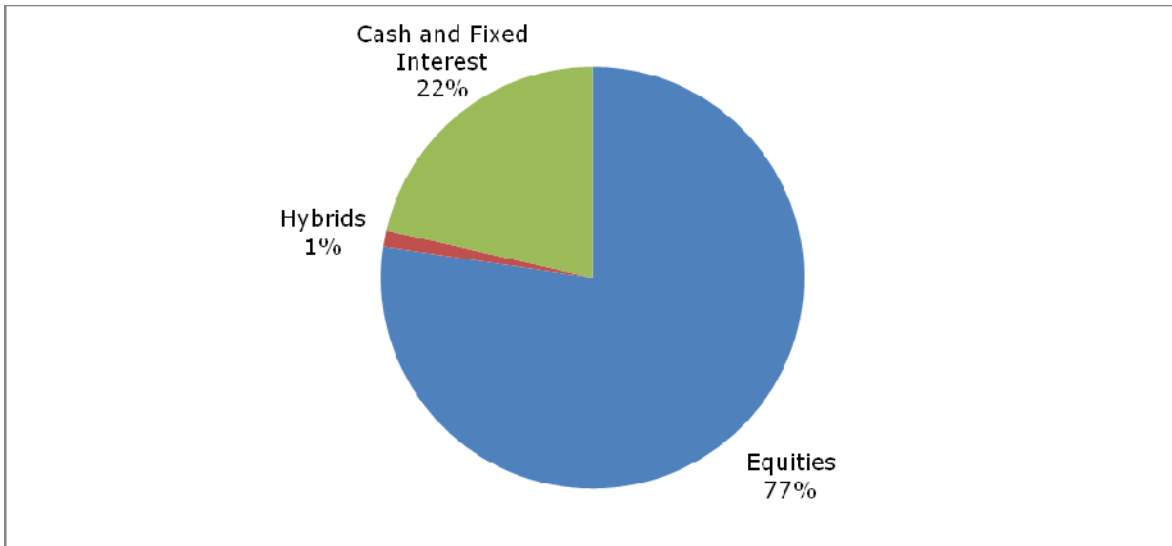
	<b>As at 31 August 2010</b>		<b>As at 30 Sept 2010</b>	
<b>Investment Type</b>	<b>\$m</b>	<b>%</b>	<b>\$m</b>	<b>%</b>
Listed Equities	82.21	82.0%	81.38	77.3%
Listed Hybrids	1.25	1.2%	1.32	1.3%
Fixed Interest and Cash	16.85	16.8%	22.53	21.4%
<b>Total Assets</b>	<b>100.31</b>	<b>100.0%</b>	<b>105.23</b>	<b>100.0%</b>
	<b>No.</b>		<b>No.</b>	
<b>Total ordinary shares on issue</b>	117,549,582		117,549,582	

**PORTFOLIO STRUCTURE (continued)**

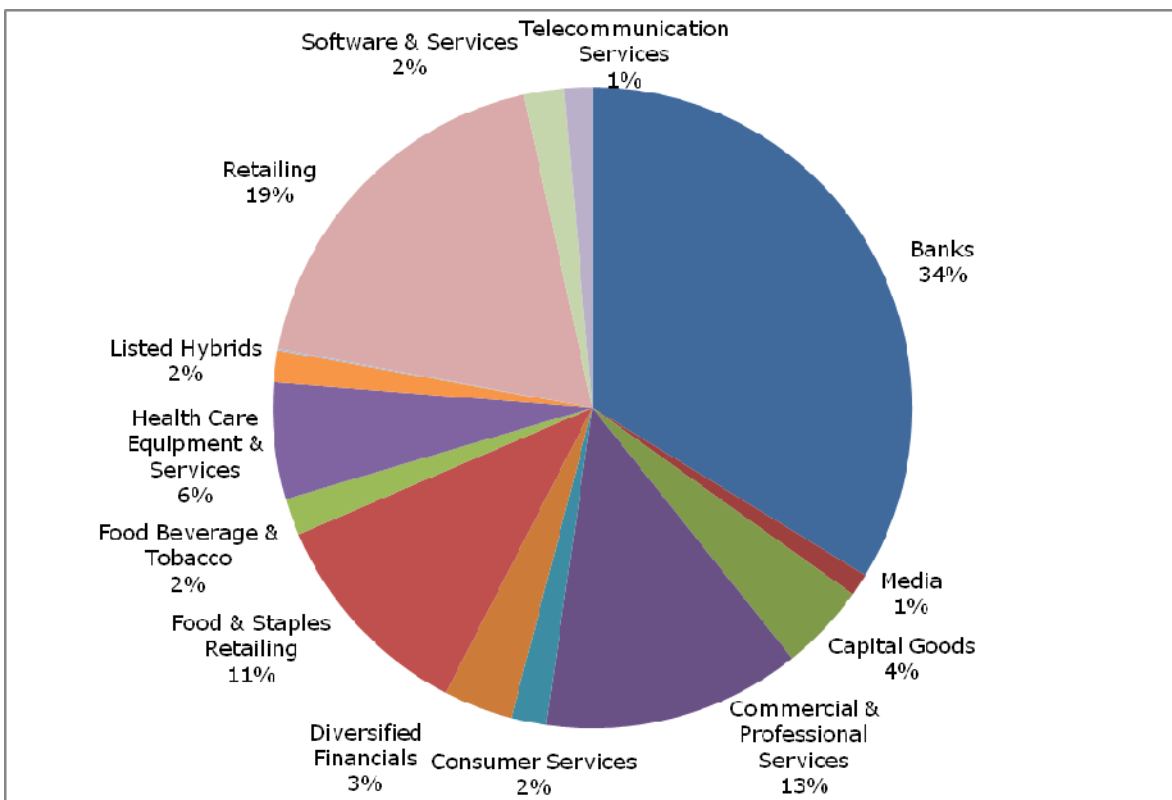
As at 30 September 2010 the top listed equities and hybrids (value over \$1 million) were as follows:

<b>CODE</b>	<b>COMPANY</b>	<b>MARKET VALUE</b>	<b>MARKET VALUE AS % OF GROSS ASSETS</b>
NAB	National Australia Bank Ltd	5,828,200	5.5%
WBC	Westpac Banking Corporation	4,938,500	4.7%
AWB	AWB Ltd	4,916,930	4.7%
MMS	McMillan Shakespeare Ltd	4,773,502	4.5%
APE	AP Eagers Ltd	4,467,162	4.2%
ARP	ARB Corporation Ltd	4,385,523	4.2%
WBB	Wide Bay Australia Ltd	4,197,766	4.0%
MTS	Metcash Ltd	4,151,500	3.9%
CBA	Commonwealth Bank of Australia	3,934,973	3.7%
SAI	SAI Global Ltd	3,359,438	3.2%
ANZ	Australia and New Zealand Banking Group Ltd	3,137,600	3.0%
BEN	Bendigo and Adelaide Bank Ltd	3,084,255	2.9%
CCP	Credit Corp Group Ltd	2,645,973	2.5%
ORL	OrotonGroup Ltd	2,370,000	2.3%
AVE	Aevum Ltd	2,187,784	2.1%
CIW	Clime Investment Management Ltd	1,726,264	1.6%
BKL	Blackmores Ltd	1,683,872	1.6%
SHV	Select Harvest Ltd	1,537,718	1.5%
TTS	Tatts Group Ltd	1,461,127	1.4%
TRS	The Reject Shop Ltd	1,409,256	1.3%
CSR	CSR Ltd	1,321,875	1.3%
SVWPA	Seven Network Ltd preference shares	1,315,650	1.3%
IRE	IRESS Market Technology Ltd	1,235,543	1.2%
AMM	Amcom Telecommunication Ltd	1,163,047	1.1%
REH	Reece Australia Ltd	1,073,294	1.0%
BOQ	Bank of Queensland Ltd	1,061,939	1.0%
EQT	Equity Trustees Ltd	1,047,960	1.0%
MYS	MyState Ltd	1,046,112	1.0%
AHE	Automotive Holdings Group Ltd	1,039,500	1.0%

**PORTFOLIO STRUCTURE - ASSET ALLOCATION**



**LONG PORTFOLIO STRUCTURE - SECTOR ALLOCATION**



For further information please contact Geoff Wilson, Matthew Kidman or Chris Stott on (02) 9247 6755

Level 11, 139 Macquarie Street, Sydney NSW 2000 | GPO Box 4658 Sydney NSW 2001 | ABN 15 100 504 541  
Phone 02 9247 6755 | Fax 02 9247 6855 | info@wami.com.au | www.wilsonassetmanagement.com.au